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April 14, 2007

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

**Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45
WC Docket No. 05-337**

Dear Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, we hereby provide you with notice of an oral *ex parte* presentations in connection with the above-captioned proceedings.

On Monday, April 9, 2007, Elizabeth Kohler on behalf of Rural Cellular Corporation and undersigned counsel on behalf of U.S. Cellular Corp. and the Alliance of Rural CMRS Carriers, had a telephonic discussion with Hon. John Burke and Peter Bluhm to discuss the Joint Board's consideration of universal service reform for areas served by rural telephone companies.

We discussed important reforms the Commission should undertake prior to implementing a reverse auction methodology for providing universal service support. In particular, we urged the Commission to reject caps on CETC funding as failing the Commission's core principle of competitive neutrality. We noted that wireless networks across the country are generally immature and growth in CETC support is expected as a result of designations and growth in the wireless industry. We noted that wireline carriers, who are losing access lines at an accelerating pace, continue to draw \$3 billion per year, which is an effective increase in per-line support, and is unsustainable even in the near future.

We discussed how different states would be treated under a cap. For example, South Carolina, Illinois and Missouri could be disproportionately

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disadvantaged in that they draw little or no support for CETCs and have petitions pending that cover substantial areas unserved or underserved by competitive ETCs.

We discussed the need for the Commission to move quickly to continue the work that has been stalled since 2001. Support must be more accurately targeted and made fully portable. The Commission must not continue to fund legacy wireline networks on the "cost plus" basis currently in effect. The Commission has repeatedly promised to address these issues, but nothing has happened in six years. The lack of substantive reform has opened the door for some to now claim that the current situation represents a crisis. It is anything but. Meaningful short-term reforms we have recommended, plus a broadening of the contribution factor, would be more than enough to right the program and permit the FCC to address the bigger picture issue: how to fund broadband.

We discussed the identical support rule and reiterated that the FCC adopted it to ensure competitive neutrality. We also stated that CETCs are not wedded to the ILECs' costs as the basis for support, only that all carriers must compete for consumers and support dollars on a level playing field. Establishing an efficient support level which is portable to all eligible carriers is the Commission's foremost task. Once the Commission establishes a level of support for an area that is sufficient to provide rural consumers with the benefits specified in Section 254, portability effectively caps support.

We noted that the key to delivering these new technologies is tower construction. Towers built with federal universal service support deliver voice services to consumers, but are also capable of being upgraded and augmented with broadband capabilities. These are tremendous consumer benefits that rural communities need and want.

Moving the program to the next level by redefining the supported services and making the funding mechanism work for both urban and rural consumers is the real work that needs to be done. Arbitrarily capping support to the one segment of the telecommunications industry that is aggressively investing and delivering advanced services to rural consumers must be rejected. We discussed possible consequences for rural wireline networks as the abandoning of wireline networks for voice communications service accelerates. The increasing amount of per-line support to wireline carriers as they lose customers is unsustainable. They must adapt and move to supplying rural consumers with video, Internet and ancillary services in order to survive.

If you have any questions or require any additional information, please contact undersigned counsel directly.

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Sincerely,

A handwritten signature in dark ink, appearing to read "David A. LaFuria". The signature is fluid and cursive, with the first name "David" being more prominent.

David A. LaFuria

cc: Hon. John Burke
Peter Bluhm, Esq.
Elizabeth Kohler, Esq.